

American Municipal Services Corporation

3740 N. Josey Lane, Suite 225, Carrollton, TX 75007
(972) 394-7200 Fax (972) 394-6842
(800) 555-5160

COLLECTION AGREEMENT **(Warrants, Citations, Capias Pro Fines, etc.)**

The City of College Station, a Texas Municipal Home Rule Corporation, hereinafter referred to as "Municipality" desires to utilize the services of American Municipal Services Corporation, ("AMSC"), a Texas Corporation, to perform collection activities for the Municipality as are described below and as set forth and incorporated by reference in Exhibit "A" to this Agreement, and American Municipal Services Corporation desires to undertake such collection activities. Accordingly, the parties agree that their relationship be governed by the terms of this Collection Agreement.

The Municipality agrees to periodically refer to AMSC citations and/or warrants for collection. No specific number or dollar amount of citations that will be sent to AMSC is represented or guaranteed by the Municipality. AMSC agrees to diligently collect those citations sent to AMSC by the Municipality. AMSC agrees to skip trace those accounts where it is determined a good address is not known, to send each defendant a minimum of four letters, and to contact each defendant by telephone in an effort to have the defendant pay any fine and/or court costs due to the Municipality. AMSC will limit all telephone calls to between the hours of 8:00 am and 8:00 pm from Monday through Friday, and between the hours of 8:00 am and 2:00 pm on Saturdays. No defendant is to be phoned on Sundays. All contacts between AMSC staff and defendants are to be by telephone or by mail. No personal contacts are to ever occur. AMSC agrees to honor a defendants request to contact the defendant during specified hours, or at a specified location. AMSC should not in any way harass defendants.

AMSC agrees to begin work upon receipt of a delinquent file, to proceed diligently in all collection efforts, and to report progress to the Municipal Court on a monthly basis, in conjunction with the submission of its invoice for services. Delinquent accounts not referred to the Court for disposition within twelve (12) months from the date of the referral, shall be returned to the Municipal Court as uncollected accounts for which no Allowable Collection Fees will be paid, unless the Municipal Court has granted AMSC, in writing, an additional period of time to conclude its collection efforts, not to exceed ninety (90) days. Upon return of the file, AMSC shall cease contacting the judgment debtor.

AMSC will arrange for all Defendants to send their payments directly to the Municipality. In the event a payment is sent to AMSC by a Defendant, AMSC will immediately forward that payment to the Municipality. AMSC agrees that it will not deposit, endorse or otherwise negotiate any funds belonging to the Municipality

Pursuant to Article 103.0031 of the Texas Code of Criminal Procedure, as amended, Municipality will add a collection fee of Thirty Percent (30%) to each capias warrant, as well as

all cases referred to AMSC; provided, however, that such cases involve offenses committed after June 18, 2003. AMSC will be paid the added Thirty percent (30%) as their fee on each case for which the Municipality receives payment through the collection efforts of AMSC. . AMSC will be paid a contingent fee of Seventeen percent (17%) of the amount collected on all citations/warrants collected through the efforts of AMSC that are not capias warrants and that involve offenses committed prior to or on June 18, 2003. AMSC agrees to invoice the Municipality on or about the fifth (5th) day of each month for the previous month's collections, undisputed invoices being due and payable within thirty (30) days. AMSC will only be paid for those accounts where AMSC contacted the defendant and a payment then followed due to the efforts of AMSC. AMSC will not be paid on an account if the defendant pays the fine prior to being contacted by AMSC, the defendant paid the case due to being contacted by Omnibase and thus cannot renew their driver's license, the case is dismissed by the court for whatever reason, the defendant is declared indigent, or the defendant is arrested.

All expenses in the collection process, including labor, postage, telephone, skip tracing, etc. shall be paid for by AMSC. AMSC is an independent contractor, and as such is not to be in any way considered an employee, agent, or representative of the Municipality. AMSC shall have ultimate control over the execution of the work under this Agreement. AMSC shall have the sole obligation to employ, direct, control, supervise, manage, discharge, and compensate all of its employees and subcontractors, and the Municipality shall have no control of or supervision over the employees of AMSC or any of AMSC's subcontractors except to the limited extent provided for in this Agreement. AMSC shall be liable for any misrepresentations. Any negotiations by AMSC on the Municipality's behalf are binding on the Municipality only when within the scope of work contained herein and approved by the Municipality. AMSC agrees to constantly monitor their employees to insure all contacts with defendants are done in a polite, courteous, and helpful approach.

The Municipality agrees to review with AMSC on an as needed basis the amounts paid on those citations referred to AMSC and to answer questions on specific accounts when a defendant claims they have already paid the fine, paid the fine due to being contacted by Omnibase, has served time for the offense, is the wrong person, or has had the case dismissed. AMSC agrees to provide the Municipality with a report on all cases sent to AMSC for collection within seven (7) days of receipt by AMSC and to monthly report to the Municipality on the cases AMSC has for collection.

AMSC shall refer all judgment debtors who do not submit immediate payment for the full amount of the debt, including collection fees, to the Court for disposition. AMSC may accept payments in full of all costs and fees, as determined by the Municipality, by money order or cashier's check, made payable to the Municipality, and the same shall be submitted to the Municipal Court within five (5) business days of receipt of said payment. In cases where AMSC has received full payment AMSC agrees to notify the Municipal Court on a daily basis of any monies received from a judgment debtor toward the payment of the debt so that the Municipal Court may pull any warrants associated with that debt or take other appropriate action.

Any other form of payment must be made to the Court in person unless alternative arrangements are made by the defendant/judgment debtor with the Court.

The term of this Agreement shall be for one (1) year from the date this Agreement is fully executed. Thereafter, upon mutual consent of both parties, this Agreement may be renewed on an annual basis, under the same terms and conditions, for up to two (2) additional one (1) year terms. The term of this Agreement may not exceed three (3) years total.

The Municipality may withdraw any citation at any time from AMSC, and either party to this Collection Agreement may terminate this Collection Agreement upon thirty (30) days prior written notice. Upon termination, AMSC will return all case referrals to the Municipality within thirty (30) days from the date of notice.

Municipality: City of College Station
Address: 1101 Texas Avenue College Station, TX 77842
Contact person: Purchasing Department
PHONE: (979) 764-3500

Indemnification. AMSC agrees to and shall indemnify and hold harmless and defend the Municipality, its officers, agents, and employees from and against any and all claims, losses, damages, causes of action, suits and liability of every kind, including all expenses of litigation, court costs, and attorney's fees, for injury to or death of any person, for damage to any property, or for any breach of contract, arising out of, or in connection with the work done by AMSC under this Agreement. In the event of personal injury to or death of AMSC's employees, such indemnity shall apply regardless of whether the claims, losses, damages, causes of action, suits or liability arise in whole or in part from the negligence of the Municipality. Such indemnity shall not apply, however, to liability arising from the personal injury, death, or property damage of persons other than the AMSC or its employees where such liability is caused by or results from the negligence of the Municipality.

AMSC assumes full responsibility for the work to be performed hereunder and hereby releases, relinquishes, and discharges the Municipality, its officers, agents, and employees from all claims, demands, and causes of action of every kind and character, including the cost of defense thereof, for any injury to or death of any person (whether employees of either of the parties hereto or other third parties) and any loss of or damage to property (whether property of either of the parties, their employees, or other third parties) that is caused by or alleged to be caused by, arising out of, or in connection with AMSC's work to be performed hereunder. This release shall apply regardless of whether said claims, demands, and causes of action are covered, in whole or in part, by insurance and regardless of whether such loss, damage, injury, or death was caused in whole or in part by the negligence of the Municipality.

AMSC agrees to maintain the types and amounts of insurance required in Exhibit "B" of this Agreement throughout the term of the Agreement. AMSC agrees to obtain a Fidelity Bond or Commercial Crime Policy that meets the requirements set out in Exhibit "B". All Certificates of Insurance and endorsements, as well as the Fidelity Bond, shall be furnished to the Municipality's Representative at the time of execution of this Agreement, attached hereto as Exhibit "C," and approved by the Municipality *before* work commences.

This Agreement has been made under and shall be governed by the laws of the State of Texas. The parties agree that performance and all matters related thereto shall be in Brazos County, Texas.

AMSC, its employees, associates or subcontractors shall perform all the work hereunder. AMSC agrees that all of its associates, employees, or subcontractors who work on this Project shall be

fully qualified and competent to do the work described hereunder. AMSC shall undertake the work and complete it in a timely manner.

The AMSC shall comply with all applicable federal, state, and local statutes, regulations, ordinances, and other laws.

No waiver by either party hereto of any term or condition of this Agreement shall be deemed or construed to be a waiver of any other term or condition or subsequent waiver of the same term or condition.

This Agreement and all rights and obligations contained herein may not be assigned by AMSC without the prior written approval of the Municipality.


If any provision of this Agreement shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court of competent jurisdiction finds that any provision of this Agreement is invalid or unenforceable, but that by limiting such provision it may become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

This Agreement represents the entire and integrated agreement between the Municipality and AMSC and supersedes all prior negotiations, representations, or agreements, either written or oral. This Agreement may only be amended by written instrument approved and executed by the parties.

The parties acknowledge that they have read, understood, and intend to be bound by the terms and conditions of this Agreement.

AMSC

CITY OF COLLEGE STATION

By: 
Printed Name: Gregory L. Patchford
Title: Vice President Sales
Date: 09-16-03

By: _____
Thomas Brymer
City Manager
Date: _____

APPROVED:


City Attorney

Date

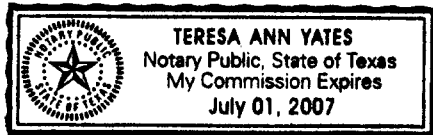
Charles Cryan, Director of Fiscal Services

Date

STATE OF TEXAS)
)
COUNTY OF BRAZOS)

ACKNOWLEDGMENT

This instrument was acknowledged before me on the 16 day of SEPTEMBER, 2003, by GREGORY PITCHFORD in his/her capacity as VICE PRESIDENT of AMERICAN MUNICIPAL SERVICES CORP a Texas Corporation, on behalf of said corporation.



Teresa Ann Yates
Notary Public in and for
the State of Texas

STATE OF TEXAS)
)
COUNTY OF BRAZOS)

ACKNOWLEDGMENT

This instrument was acknowledged before me on the _____ day of _____, 2003, by **Thomas Brymer**, in his capacity as City Manager of the **City of College Station**, a Texas home-rule municipality, on behalf of said municipality.

Notary Public in and for
the State of Texas

Exhibit “A”

Scope of Services

Methodology Including Technical Approach and Understanding of the Scope of the Project

The Company's Systems and Procedures

- ✓ Standard Operating Procedures covering every aspect of the operation;
- ✓ Extensive testing of new employees before hiring;
- ✓ Specialized training specifically geared toward collecting warrants and citations;
- ✓ Continued on-the-job training throughout an employee's career.
- ✓ Limited number of accounts worked by each collector to enable collectors to expend the proper amount of time on each case;
- ✓ Monitoring systems in use daily;
- ✓ Salaried collectors and management with a bonus system based on consistent recovery performance;
- ✓ Incentive programs and awards as motivation for successful work achievements;
- ✓ Continuing management training, attendance at training seminars and participation at industry sponsored events;
- ✓ Research and development projects designed to test letter content, telephone scripts, paper colors, envelopes, printing, self contained mailers vs. Letters, etc, in order to find the most effective materials and techniques for collection of warrants and citations.

Transmitting and Receiving Data Electronically

We begin processing your warrants and citations immediately upon receipt of basic information. This information may be transmitted to us either on:

- ◆ PC Diskette
- ◆ CD-ROM
- ◆ Hard Copy
- ◆ Transmitting between Computer Systems Electronically
- ◆ We can provide our personnel to make copies
- ◆ Magnetic Tape

The effective processing of delinquent accounts involves the handling and processing of large amounts of data. American Municipal Services Corporation has developed a custom computer system designed specifically to handle municipal and county collections. The input screen as well as input fields has been custom designed to speed the processing of delinquent accounts.

The AMSC system utilizes a local area network (LAN) of IBM compatible PCs operating off a Windows 2000 Professional operating System server and utilizing Microsoft Corporation's Windows 2000 professional operating System. Our collection software is a windows program that was custom designed and developed to meet the uniqueness of our task, using Alpha 5v4.3 software from the Alpha Software Corporation of Burlington, Massachusetts as our relational database. The power of our system is its true relational database. This allows flexibility in reports, data inquires and information utilization. AMSC staff continues to upgrade our software and hardware as technical advances occur in order to maintain our most advanced capabilities.

Once your city decides to utilize AMSC's services, our computer staff will meet with your computer staff to determine the most effective, efficient and practical manner to transfer data. We presently utilize a full array of methods from transfer via modem to utilizing hard copies. Our system is able to accommodate almost any system your city or county has and AMSC will cover all costs in setting up linkage to make the system work. Importing or downloading files is possible via telephone line, computer tape, diskette, CD-ROM, or scanning. We can import and export data in almost any computer language or format, whether from a mainframe computer, a network or a stand alone PC.

AMSC has found that some cities and counties have their old delinquent accounts available only in hard copy form. AMSC will provide staff to copy these records and manually enter them into our system for processing. We at AMSC are prepared to do whatever is necessary to make the transfer of data between our system and the city as painless and easy as is realistically possible. Unlike most other collection agencies which are utilizing generalized software for collection; AMSC has developed it own to maximize efficiency and error-free operation. The following is a typical screen from our system. Note that the input is laid out specifically for delinquent accounts, containing the information necessary for a collector to intelligently communicate with a defendant:

Collection Techniques Letters and Telephone Calls

The effective management of American Municipal Services Corporation has set forth a basic collection policy by which our staff operates as well as ethical and moral boundaries to insure that we maintain the highest standards of business and professional conduct. AMSC has also implemented internal controls to ensure that all accounts are followed up in a timely fashion and in accordance with approved methods. These controls guarantee that all accounts are being worked thoroughly and in accordance with established company policy. A combination of letters and telephone calls are used to contact a defendant. All communication is done either by telephone or by mail. Our staff never meets a defendant in person.

Skip Tracing

A significant percent of cases have moved from the address on the citation or bill have given the city an incorrect address intentionally. Without a proper address and telephone number, it is impossible to obtain additional information or make personal contact. We at AMSC have spent a considerable sum setting up state-of-the-art skip tracing capabilities and spend considerable time and effort to locate defendants. Prior to mailing our first letter, a check is run on the latest drivers license and motor vehicle records to see if a more current address is available. The first letter is the mailed using either the address which is on the citation or the drivers license or motor vehicle records address, whichever is the most recent. At any time it becomes apparent that the address we have is incorrect, either by their phone being disconnected or a letter returned, skip tracing begins promptly. Some people are easier to find than others, thus the amount of skip tracing that must be performed on each account varies. However, by using a multitude of resources, our personnel, specially trained in skip tracing will locate most defendants, regardless of where they have moved.

The first resource used in skip tracing is the information supplied by the city. Contacts are made with the defendant at the last known address. When these contacts fail to locate

an individual, more sophisticated methods are necessary. Prior to any contact, each individual is run through the driver's license and motor vehicle records database for a current address. If more is needed to locate the individual we utilize credit bureau databases, crisscross directories, city directories, telephone books and telephone CD-ROM's, and national databases. Utilizing this multitude of resources usually results in obtaining a current address and/ or current telephone number. Throughout the skip tracing process, great care is taken to insure that confidentiality is maintained. Skip tracing is therefore limited to a specific group of closely monitored employees who are repeatedly trained in maintaining confidentiality.

American Municipal Services Corporation utilizes the latest, most accurate databases available. We are on-line with several, such as the three major credit bureaus, metro mail, the Donnelly System, and International Processing Services among others. We utilize the following daily:

- ▶ **NCOA- National Change of Address Database**
- ▶ **Accumail**
- ▶ **Acolloid**
- ▶ **Lexis Nexus**
- ▶ **Texas Department of Public Safety**
- ▶ **State Motor Vehicle Registration**
- ▶ **U.S. Postal Service Change of Address**
- ▶ **Donnelly System Database**
- ▶ **Zebec**
- ▶ **Equifax**
- ▶ **Experian**

** Advanced skip tracing techniques are kept confidential*

In the majority of the cases the above resources will lead us to an address through which we will be able to contact a defendant. Once a good address is located, the account precedes through normal collection procedures.

Payment Plans

In every case, AMSC request that the defendant pay the full amount owed immediately. While payment in full immediately is our goal, it is impractical to expect every defendant to be in a position to do so. It should be remembered that we are dealing with individuals who have already failed to take care of their obligation, and in most cases have a failure to appear charge pending. Many do not have the funds to pay the fine and thus do not go to court for a fear of being arrested. Whether it be bad luck, illness, unemployment, poverty, divorce, incarceration, etc. some we contact are unable to pay the full amount immediately. If there is any chance of them paying, payment plans are the best hopes. This is particularly true as fines and court cost are increasing.

Because of the above facts, AMSC strongly encourages its cities and counties to allow AMSC to set up payment plans with defendants. AMSC only sets up payment plans where it is apparent that this is the only way the defendant will be able to pay the full amount owed. Payment plans are then negotiated with each defendant, setting the amount of each payment, the frequency of each payment, and the duration of his payments. Terms of the agreed payment plan as well as follow up dates are included in the account record. Once a payment plan is agreed to, a schedule is mailed to the defendant showing the date each payment is due and the amount of each payment. Enough payment coupons are mailed with the schedule so the defendant can include a coupon with each payment, and envelopes pre-addressed to the court are included. The defendant is instructed to include a payment coupon with each payment, whether mailed or paid in person. This assists the court staff in identifying the defendant as the coupon has the defendant's name, address and the courts warrant or docket number on it. It also advises the clerk that this defendant is on a payment plan through AMSC.

All payment plans are monitored weekly. When defendant becomes seven (7) days behind on a payment, the defendant is called. If the defendant becomes thirty (30) days delinquent, a letter series begins and telephone calls continue until the matter is resolved.

Capias, Capias Pro Fines, and Failure to appear

Collections procedures are the same for capias, capias pro fines and failure to appear warrants. Generally speaking, each represents failure to keep a promise, whether it is a failure to appear in person or failure to make a scheduled payment.

It is opinion of some that capias are easier to collect. In our experience, we have found that both capias pro fines and failure to appear warrants involve the same amount of work and present the same problems.

Our letter series and telephone contact are the same and are spaced at the same intervals as the other warrants and citations we handle.

Reporting to Credit Bureaus

American Municipal Services Corporation is able to report to the major credit bureaus, and uses these databases on a daily basis for skip tracing. Being that warrants and citations are not debts for personal, family or household purposes, but are fines, that are not "debt" as defined by both the Federal Debt Collection Practices Act (15 USC 1692a(5)) and the various State Statutes such as Texas Debt Collection Act, Vernon's Annotated Civil Statutes Act. 5069-11.01(a). Not being a consumer debt warrants and citations should not be reported to the credit bureaus.

Capias Pro Fines are a debt owed to a government and are reportable. AMSC will report them as a collection account if the city so elects. Reporting is particularly useful for out of state defendants where the possibility of facing arrest for the outstanding warrant is not an immediate concern. AMSC monitors all credit reporting at regular intervals to keep all reports current and accurate.

Payments

AMSC directs all defendants to mail their payments directly to the court unless the city request otherwise. The majority of our cities and counties elect to have all monies made payable to the city and mailed directly to the court clerk. This method guarantees that the city is receiving every cent they are entitled to with no outside party having access to these funds.

Other methods of handling funds are possible. Establishment of lock boxes at banks to receive payments, and having payments sent to a special post office box in the cities name are possible. AMSC will work with the city or county to set up the method which works best for your needs. As stated above, most of our cities and counties presently have all payments sent directly to their court clerk and AMSC uses the court's records as to who has paid for billing purposes.

Return of Accounts

When a city or county requests the return of an account, AMSC immediately discontinues all collection activity. AMSC suspends all activity on an account, without any charge whatsoever to the city or county when any of the following occur:

The defendant is arrested;

The court dismisses the case;

The defendant is found to be deceased;

The defendant is incarcerated for a long duration;

The account was sent to AMSC in error;

The city or county decides not to pursue the matter for whatever reason.

AMSC will continue to work and rework accounts until collected. Many defendants that we are able to locate today will show up if we continually skip trace the person over a period of time. In addition, an unemployed person may find employment and desire to resolve the warrant, an ill person will regain their health, and a defendant that is incarcerated may be released. These are typical situations we meet daily which will, if pursued, often result in payment in full being eventually made.

Letters to the Defendant

AMSC utilizes a four letter series which has been custom created and tested for the collection of warrants and citations. The purpose of these letters is:

1. To provide the debtor the opportunity to immediately resolve, dispute, deny or discuss his obligations.
2. To determine whether or not we have debtor's current address. Skip tracing procedures will begin immediately if a letter is returned.
3. To advise the debtor of a toll-free number at American Municipal Services where the defendant can obtain information pertaining to his or her case.

Each letter has attached a payment coupon and return envelope, which a defendant is instructed to use when mailing in a payment. Each successive warrant letter is slightly more severe than previous one. Each emphasizes that a warrant is not a consumer debt, but is a violation of the particular statute and laws of the State. As such, the defendant is subject to arrest. Each letter has been custom written for the collection of warrants and citations. Our research shows that they are significantly more effective than a standard collection agency letter or a standard attorney letter and thus results in higher collection rates than if AMSC were to utilize a typical collection agency or attorney form letter. Following are six typical letters; the first three represent letters one, two and four in English. The second three letters are the same as the previous letter one, two and four but are in Spanish. Letter three is a self contained letter which is computer printed and has a self contained envelope. Because the letters become more forceful, they are typically in order, with letter one being the first letter sent, followed by letters two, three and the four.

The initial letter advises the defendant of the situation, the amount owed, and how he/she can resolve the problem. A toll free 800 number makes it easy to contact a collector, toll free. This letter is printed on white paper and is mailed in a white envelope. This letter, like all our letters urge the persons to call if the letter is a mistake due to prior payment, having served time in jail for the offense, being the wrong person, or for other reasons. This disclaimer provision typically finds cases where a clerical error may have been made, where a payment was not properly applied, where the person actually served time in jail but the information was never sent to the clerk's office, etc. It cleans up many records and prevents a person from being arrested due to error.

If letter one gets no response within 30 days, letter two is mailed. The second letter is printed on cream colored paper and mailed in a cream color envelope. If no response is still not forthcoming and our collectors are unable to contact the debtor by telephone, letter three is sent. This self contained letter is blue and is different than the first two letters and thus results in larger number of recipients opening it and thus a large collection rate. Letter four is the most forceful letter we send out. It is only sent if all previous attempts by both mail and telephone have failed to achieve results. It is printed on white paper and mailed in a white envelope. If any of the forgoing letters are returned by the post office, the file immediately transfers to the skip-tracing department. Extensive skip-tracing occurs by checking for the latest address the Department of Motor Vehicles shows, the latest drivers license address, the latest address the credit bureaus have, whether the Postal Service has a forwarding address, and several national databases. As soon as new address is located, the letter series begins with letter one and the file are returned to the collector for telephone contact.

Telephone Contact

While written contacts are an important part in the collection process, speaking directly to the defendant is by far the most effective contact. Our telephone collectors advise the defendant of their opportunity to resolve the debt voluntarily and let them know that this opportunity exist now and may be handled by phone and by mail. A toll free number allows defendants to contact us any time they want with out any cost to the defendant.

Telephone contact with a defendant begins immediately upon receipt of a case from your city or county. We limit calls made by our collectors to the hours of 8:00 a.m. to 8:00 p.m. and on Saturdays. The first call is placed 3 days after the first letter is being mailed. Our collectors are instructed and trained to be very polite, helpful and cooperative in seeking a complete resolution of this matter. Our goal is to collect the full amount owed to the city or county without alienating or offending the defendant.

AMSC believes in the importance of continued telephone efforts to contact debtors. If no telephone numbers are provided us by the city, we make a very serious attempt to locate the defendants by telephone number. We utilize telephone company directory assistance, telephone numbers on CD-ROM, credit reports with telephone numbers, the defendant's employer's phone number, Metro mail database and the Donnelly Company database, Xebec private detective database or Texas Drivers License records. Follow up calls are made as needed. If the defendant has a Spanish surname, a collector fluent in Spanish makes the initial call. Each defendant is contacted by telephone at least every thirty days until a resolution of the case is agreed to.

Our telephone collectors are highly trained in dealing with defendants in a reasonable, polite, yet firm businesslike manner. They are also thoroughly trained in working with the designated contact person with your city or county or court, as it is often necessary to verify information in the event a defendant disputes the debt or claims to have already paid the fine, served time in jail, had the case dismissed, performed community service, or took a defensive driving course. Any changes in State or local laws which have an effect on the collection of warrants and citations are immediately announced to our staff. Likewise, any procedural changes by your city which affect the collection of warrants and citations will immediately be brought to our staff.

Once contact with the defendant has been made, AMSC gathers information necessary to determine the defendant circumstances. The following is an example of some of the information that we record in our records in order to assist in collecting the city or county's debt:

- ▶ Current Address and telephone number
- ▶ Current Employer and telephone number
- ▶ Ability to pay in full today
- ▶ How often defendant is paid

AMSC will then ask for immediate payment of the full amount owed. If the defendant can pay the amount owed in full immediately, the defendant is instructed to mail the payment directly to the city in the pre-addressed envelope provided with the letter and send the payment coupon attached to the bottom of the letter. In the event it becomes apparent that the defendant can not pay the full amount today, a payment plan is set up outlined in section 4 below provided your court accepts payments. Guidelines as to minimum payments, length of payment plans, etc. are strictly followed.

Customer Service methodology of Contacts - Handling Customers Questions and Answers

One of the greatest strengths of American Municipal Services Corporation is its well trained staff. The entire staff participates in weekly training sessions designed to maintain our collection skills, improve computer usage, and learn of changes in statutes and regulations.

AMSC collectors are trained in the following areas:

1. Handling Disputes
2. Collection Software
3. Company Policy
4. Telephone Technique
5. Negotiating a payment schedule
6. Skip trace Procedures and Techniques
7. Understanding Client Strategy
8. Financial Counseling
9. Federal and State Collection Statutes
10. American Collectors Assoc. Training Materials
11. Responses to and rebuttal to a defendant
12. Applicable Statutes and Laws

Our collectors are monitored and evaluated daily to insure compliance to our strict policies and to insure performance goals being achieved within established guidelines. At AMSC providing employee training is a serious matter which receives a high priority.

Handling Non – English Speaking Defendants

AMSC has staff members with extensive bilingual capabilities both written and verbal. AMSC has representatives able to speak English, Spanish, Chinese, and Vietnamese. When properly identified, AMSC utilizes a letter series in Spanish, thus avoiding the obstacle of a language barrier – again resulting in a greater number of defendants reading the mail and thus, greater collection results.

Adequacy and Sophistication of Telephone Resources

American Municipal Services Corporation utilizes an AT&T Merlin phone system connected to a full, high speed T-1, with phone lines dedicated to fax machines and separate lines dedicated to computer data transfer. Our computer system is connected to a high speed, wide broadband, Internet connection with a bandwidth of 768K. All lines may be reached by a toll free (800) number. We have built in conference calling facilities, and all lines are connected to voice mail during after hours when the office is not open. All lines are provided by logics Communication Fiber Optic System. All Phone and data lines have 768K bandwidth. All data is distributed by Linksys 12 channel router.

Our Alpha 5.0 relationship database used by our collectors has a built in auto dialer for placing calls from an existing file. We have access to a predictive dialer but do not utilize it as our research has shown that collections are higher by almost 30 percent if a collector manages their calls and takes whatever time is needed with the defendant to resolve the problem. This also improves good will and satisfaction on the part of the defendant towards the city. Thus, we do not use the predictive dialer and prefer to maximize our collection rate by collector dialing and selection of calls even though this is a more costly process.

Procedures for Data Transfer to / from City

AMSC is capable of accepting data either by floppy disk, computer tape, hard copy, data transfer over the internet, or by modem over telephone lines. We use each of the above data transfer methods depending on the volume to be transferred and the form the city has the data. For larger city's we suggest transferring the data via high speed internet as we have a 468K bandwidth capable of handling large volumes of data quickly, accurately and securely.

Record Pretension Capabilities

Our entire system is backed up each evening at midnight. Tapes are stored off premises daily. Tapes are rotated every 60 days and we have full system back up available for every day of the preceding two months. We maintain a historical file on closed cases for two years from the date of closure. Our hard drives operate using Adaptec ATA Raid 2400A SCSI level 5 systems. This array protects against hard drive failure as the other two hard drives would take over with no loss of data or time in the case of disk failure. Our system has over 400 gigabytes of disk storage capabilities and is expandable to over 1000 gigabytes of storage.

Reports Provided to the City

Alpha 5v4.3 allows us to prepare almost any type of report for management usage or for our cities and counties assistance.

A typical report lists the outstanding warrants we are handling for a city. We can prepare reports in alphabetical order, warrant number order, date received, or almost any combination of data required. Reports can be customized to meet the specific needs of a city.

With each data transfer from the city to AMSC we will provide a summary of the data to the city giving the number of files transferred, the size of the case numbers of files and the case numbers of each case transferred. We provide the city with a collection report each month on the amount collected, which accounts paid, accounts that are delinquent on payment plans, the accounts that were closed and the reason for closure. We also invoice the city during the first week of the month and the statement gives the name of the defendant, the case number, the date paid, the amount paid. Each month we will provide the city with a complete report showing all active cases and the current balance owed.

Flexibility in Meeting Cities Reporting Needs

Our database system has enormous flexibility and capability in providing reports. We should be able to provide the City of Galveston with any report the city desires and in the format required. Our computer programmers are available full time to provide multiple formatting and information the city would find helpful. In-house computer programming skills and the flexibility of our computer network makes meeting your cities needs a fast and easy process.

Alpha Five - [Collections]

File Edit View Form Records Index Find Query Window Help

Warrants: City of Euless

Name (L, F, M)

THOMPSON

Address:

7501 CHESTERFIELD #305

City:

DALLAS

ST: TX

Zip 75237

*02/05/01- T2 L m w/ person *8*

*12/08/00- T1 disconnected T2 L m w/ person *8*

*10/06/00- per offender will make pymt on 10-13-00 for \$200 *8*

Offense

Payments

Trace

Jurisdiction

Emp/Veh

Data Entry

Protect

CFI No. 089894

Good Addr?

Yes

New Race?

No

Phone

Home: (972) 298-7670

Work: (972) 721-8270

IDs

DL#: 00875491

SSN:

DOB: 08-01-1970

Collector

8

Court

City of Euless

Attn: Municipal Court

201 N. Ector Dr.

Euless

TX

76039-3595

Emp/Veh

(817) 855-1400

Access

Back

T

Note:

ADD \$25 per offense - Over \$600 minimum \$200 down, U

per \$600 minimum \$100 down, minimum \$100/month

Memo:

÷

Alpha Five - [Collections]

File Edit View Form Records Index Find Query Window Help

Warrants:

Name (L, F, M) [THOMPSON] City of Eulesser [SARODORICK] Protect CFI No. [089894]

Address: [7501 CHESTERFIELD #305] Good Addr? [X] Phone [972] 298-7670

City: [DALLAS] ST: [TX] Zip: [75237] New trace? [X] Work: [972] 721-8270

*02/05/01- T2 L m w/ person *8*

*12/08/00- T1 disconnected T2 L m w/ person *8*

*10/06/00- per offender will make pymt on 10-13-00 for \$200 *8*

Offense [X] Trace [X] Payments [X] Jurisdiction [TX] Entry Ven [TX]

Name (L, F, M) [THOMPSON] [SARODORICK] Phone [X] Home: [X] Work: [X]

Address: [7501 CHESTERFIELD DR 305] [X] Home: [X] Work: [X]

City: [DALLAS] [TX] [TX] IDs DL# [00875491] SSN [X] DOB [08-01-1970]

Note: Match on DL & DOB, trace data is newer.

Trace_date	Source	Date_date	Good?	SSN
02/02/2001	TDL Master	04/01/1999		
10/18/2000	TDL 04/2000	04/01/1999		
10/17/2000	TDL 04/2000	04/01/1999		

Skip Trace Post Fields

Alpha Five - [Collections]

File Edit View Form Records Index Help Window Help

Warrants: City of Eules

Name (L, F, M)

THOMPSON

SARODORICK

Address:

7501 CHESTERFIELD #305

City:

DALLAS

ST:

TX

Zip:

75237

Good Addr?

Yes

New Trace?

No

Collector

8

Data Entry

Search by Warrant

Date

Amount

08/23/2000

300.00

10/23/2000

200.00

08/22/2000

300.00

09/22/2000

150.00

10/22/2000

150.00

11/22/2000

150.00

12/22/2000

150.00

01/22/2001

150.00

02/22/2001

150.00

03/22/2001

164.75

Total:

1,364.75

02-05-01

08-10-00

Coupon

1,364.75

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09-01-00

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Alpha Five - [Collections]

File Edit View Form Records Index Print Help Window Help

Warrants:

Name (L, F, M) City of Euless

THOMPSON

SARODORICK

Address: 7501 CHESTERFIELD #305

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New trace?



IDs

DL#: 00875491

SSN:

DOB: 08-01-1970

Collector

TSB

Data Entry

Offense

Payments

Trace

Jurisdiction

Employer Information

Name:

Addr:

City:

Data date:

Source:

Issuing Agency

Issued by:

Vehicle Information

Year:

Make:

Model:

Color:

License:

Plate:

Source:

American Municipal Services Corporation

3740 N. Josey Lane, Suite 225, Carrollton, TX 75007
(972) 394-7200 Fax: (972) 394-6842

City of Waco
Attn: Municipal Court
PO Box 2570
Waco, TX 76702

STATEMENT Month of August, 2002

<i>Last Name</i>	<i>First Name</i>	<i>Warrant Number</i>	<i>Amount Paid</i>
AGUILAR	DORA	G47374-1	25.00
AGUILAR	JESSE	I06366A-1	60.00
ALLEN	AMY	G76875A-1	136.00
ALMANZA	JOSE	I01064A-1	60.00
AMEZCUA	CARLOS	I07561A-1	210.00
AMEZCUA	CARLOS	I07561A-1	95.00
ANDERSON	BRANDI	G09259-1	91.00
ANDERSON	CHRISTY	I10102B-1	100.00
ANDERSON	MICHAEL	I01008A-1	200.00
ANDERSON	WILLIAM	I03267A-1	50.00
ANDRADE	BRENDA	E81234-1	100.00
ANDRADE	CHRISTOPHER	G28430A-1	69.00
ANTUNEZ	ANTONIA	I24846A-1	92.00
ARIAS	SOCORRO	G42874-1	37.00
BAKER	ROBINETTE	G20586-1	212.00
BAKER	ROBINETTE	G20586-1	118.00
BAKER	ROBINETTE	G20586-1	170.00
BALDWIN	SCOTT	I09243A-1	179.00
BALDWIN	SCOTT	I09243A-1	95.00
BAREFIELD	LILLIAN	I04011A-1	285.00
BARNES	CAROL	G79989A-1	100.00
BARNES	CAROL	G79989A-1	235.00
BARNES	ELIZABETH	G60994A-1	225.00
BARNES	ROSILAND	G72940A-1	50.00
BARNES	ROSILAND	G72940A-1	100.00
BARRIENTEZ	AUDREY	E83446-1	118.00
BARTLEY	BRANDON	G66368-1	201.25

Last Name	First Name	Warrant Number	Amount Paid
VELIZ	JOSE	G33962-1	100.00
VILCHIS	JAVIER	I10191A-1	125.00
VILLAREAL	ALEXANDRA	G66977A-1	151.00
VILLARREAL	ANNA	G74778A-1	75.00
VOLNEY	COURTNEY	G73501-1	145.00
VU	DON	I07777A-1	95.00
WAITS	RODERICK	G76492A-1	100.00
WALKER	ANNETTE	E63297-1	50.00
WALLACE	BRENDA	G36920A-1	25.00
WALLACE	JOHN	E84257-1	6.00
WALTON	ANTHONY	G65505A-1	125.00
WALTON	HARLEM	W03349A-1	75.00
WATSON	HOLLIE	G77910A-1	100.00
WEST	ELIZABETH	G51137-1	100.00
WEST	ELIZABETH	G51137-1	57.00
WEST	ELIZABETH	G51137-1	18.00
WHITE	JERRY	I11183A-1	100.00
WHITE	SHENEE	G20927-1	78.00
WHITE	SHENEE	G68254A-1	25.00
WHITE JR	HAROLD	E95035-1	200.00
WHITEHEAD	TERARIUS	D88836-1	91.00
WILEY	KENNETH	E52864-1	200.00
WILEY	KENNETH	W03519B-1	50.00
WILKERSON	JACQUELINE	G47585A-1	50.00
WILLIAMS	BRODERICK	E86115-1	8.00
WILLIAMS JR	RUDOLPH	G18157-1	75.00
WILSON	LISA	G46494A-1	25.00
WOLF	VICTORIA	E97878-1	250.00
WOMACK	STEVEN	G48896A-1	25.00
YEPEZ	NIKOLE	G33707A-1	50.00
YORK	MICKEY	G25458-1	100.00
YOUNG	GARY	I08760A-1	150.00
YOW	MATTHEW	I10216A-1	100.00
ZELMER	GREGORY	G77129A-1	60.00
ZIMMERMAN	SHANNON	Y00311-1	25.00

TOTAL COLLECTED:: \$69,289.00

AMOUNT COLLECTED:	WARRANTS	CAPIAS	TOTAL
	\$49,689.00	\$19,600.00	\$69,289.00
COLLECTION RATE:	0.1700	0.1700	
FEES CURRENTLY DUE:	\$8,447.13	\$3,332.00	\$11,779.13
TOTAL FEES DUE	\$11,779.13		

Responses to Auditor Inquiries and Conformation Request

Request from our clients are always our top priority at AMSC. With our reporting capability being very complete and flexible, we will be able to provide any information requested. Our corporation operations are audited yearly by the CPA firm of Eisenstark & Stukey, LLP of Grapevine, Texas and any information or data from this CPA firm is always available to our clients.

References

City/Court	Contact	Telephone
City of Euless (1995)	Teresa Alexander Court Manager	(817)267-4403
City of Waco (1998)	Janice Andrews Finance Director	(254)750-5769
City of Hedwig Village (1995)	David M. Barber Police Chief	(713)461-4797
City of Mt. Vernon & (1995) Franklin County (1995)	Honorable Judge Paul Lovier	(903)537-4644
City of Paris (1995)	Yvonne Chance Court Administrator	(903)737-4105
City of Watauga (2000)	Alicia St. Cyr Court Clerk	(817)514-5820
City of Sugarland (2001)	Jenell Kucera Court Administrator	(281)645-3906
City of West Tawakoni (1995)	Honorable Judge Leuze	(903)645-3906

ADDITIONAL REFERENCES AVAILABLE UPON REQUEST

Exhibit "B"

Insurance Requirements

Commercial General Liability, (a.k.a.) Public Liability

Coverage limit to be **\$2 million** aggregate with **\$1 million** per occurrence.

This coverage will provide liability coverage for the following:

- Fire Damage Liability, **\$100,000 minimum**
- Medical Expense, **\$5,000 minimum**
- Personal & Advertising Injury **** Being added/endorsed onto policy****
- Products & Completed Operations with Separate Aggregate
- Contractual Liability
- Host Liquor Liability
- Explosion, Collapse, Underground

Fidelity Bond or Commercial Crime Policy

Minimum coverage limit on either option \$50,000.00.

All other insurance requirements are waived per Risk Management.

Exhibit "C"

Certificate(s) of Insurance

ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE
09/23/2003

PRODUCER

Texas Insurance Exchange
855 Davis Blvd #600

Southlake

TX 76092-

INSURED

AMERICAN MUNICIPAL SERVICES CORP.
3740 N. JOSKY LANE STE# 225

CARROLLTON

TX 75007-

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

INSURER A: NAUTILUS INSURANCE COMPANY

INSURER B:

INSURER C:

INSURER D:

INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY	NC286891	09/15/2003	09/15/2004	EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				FIRE DAMAGE (Any one fire) \$ 50,000
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person) \$ 1,000
					PERSONAL & ADV INJURY \$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:				GENERAL AGGREGATE \$ 1,000,000
	<input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				PRODUCTS - COMPROP AGG \$
	AUTOMOBILE LIABILITY				COMBINED SINGLE LIMIT (Ea accident) \$
	ANY AUTO				BODILY INJURY (Per person) \$
	ALL OWNED AUTOS				BODILY INJURY (Per accident) \$
	SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident) \$
	HIRED AUTOS				AUTO ONLY - EA ACCIDENT \$
	NON-OWNED AUTOS				OTHER THAN AUTO ONLY: EA ACC \$
	GARAGE LIABILITY				AGG \$
	ANY AUTO				EACH OCCURRENCE \$
	EXCESS LIABILITY				AGGREGATE \$
	<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				
	DEDUCTIBLE				
	RETENTION \$				
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY				WC STATUTORY LIMITS <input type="checkbox"/> OTH-ER <input type="checkbox"/>
					E.L. EACH ACCIDENT \$
					E.L. DISEASE - EA EMPLOYEE \$
					E.L. DISEASE - POLICY LIMIT \$
	OTHER				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS
CERTIFICATE HOLDER IS INCLUDED AS AN ADDITIONAL INSURED ON THE GENERAL LIABILITY POLICY. COVERAGE SHALL NOT BE SUSPENDED, VOIDED, CANCELLED, REDUCED IN COVERAGE OR LIMITS EXCEPT AFTER 30 DAYS PRIOR WRITTEN NOTICE BY CERTIFIED MAIL OR FAX & ORIGINAL NOTICE BEING MAILED TO THE CITY OF COLLEGE STATION.

CERTIFICATE HOLDER

ADDITIONAL INSURED: INSURER LETTER:

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ~~NOTICE~~ MAIL

30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, ~~AND~~

~~AND~~

AUTHORIZED REPRESENTATIVE

CITY OF COLLEGE STATION
P.O. BOX 9960

COLLEGE STATION TX 77842-

ACORD 25-S (7/97)

INS025S (9910).01

ELECTRONIC LASER FORMS, INC. - (800)327-0545

© ACORD CORPORATION 1

Page

Bond No. 00104156189

PERFORMANCE BOND


KNOW ALL MEN BY THESE PRESENTS, that we, AMERICAN MUNICIPAL SERVICES CORPORATION, as Principal, and Travelers Casualty And Surety Company of America, licensed to do business in the State of Texas, as Surety, are held and firmly bound unto CITY OF COLLEGE STATION, TEXAS (Obligee), in the penal sum of FIFTY THOUSAND (\$50,000.00) Dollars, lawful money of the United States of America, for the payment of which sum, well and truly to be made, the Principal and Surety do bind themselves, their heirs, executors, administrators, and successors and assigns, jointly and severally, firmly by these presents.


THE CONDITION OF THIS OBLIGATION IS SUCH, that whereas the above bounden Principal has entered into a certain written Contract with the above named Obligee, effective the 12TH day of SEPTEMBER, 2003, for COLLECTIONS on behalf of CITY OF COLLEGE STATION, TEXAS and more fully described in said Contract, a copy of which is attached, which Agreement is made a part hereof and incorporated herein by reference, except that nothing said therein shall alter, enlarge, expand or otherwise modify the term of the bond as set out below.


NOW, THEREFORE, if Principal, its executors, administrators, successors and assigns shall promptly and faithfully perform the Contract, according to the terms, stipulations or conditions thereof, then this obligation shall become null and void, otherwise to remain in full force and effect. This bond is executed by the Surety and accepted by the Obligee subject to the following express condition:

Notwithstanding the provisions of the Contract, the term of this bond shall apply from SEPTEMBER 12, 2003, until SEPTEMBER 12, 2004, and may be extended by the Surety by Continuation Certificate. However, neither nonrenewal by the Surety, nor the failure or inability of the Principal to file a replacement bond in the event of nonrenewal, shall itself constitute a loss to the obligee recoverable under this bond or any renewal or continuation thereof. The liability of the Surety under this bond and all continuation certificates issued in connection therewith shall not be cumulative and shall in no event exceed the amount as set forth in this bond or in any additions, riders, or endorsements properly issued by the Surety as supplements thereto.


Sealed with our seals and dated this 12TH day of SEPTEMBER, 2003.


(Witness)


(Attest)


(Principal) (Seal)

V P - SALES
(Title)

Travelers Casualty And Surety Company of America

CLARK P. FITZ-HUGH (Attorney -in-Fact)

Agreed and acknowledged this ____ day of _____, 20__.

(Obligee)

(Witness)

IN WITNESS WHEREOF, TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY, FARMINGTON CASUALTY COMPANY and TRAVELERS CASUALTY AND SURETY COMPANY OF ILLINOIS have caused this instrument to be signed by their Senior Vice President, and their corporate seals to be hereto affixed this 4th day of December, 1999.

STATE OF CONNECTICUT

} SS. Hartford

COUNTY OF HARTFORD

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA
TRAVELERS CASUALTY AND SURETY COMPANY
FARMINGTON CASUALTY COMPANY
TRAVELERS CASUALTY AND SURETY COMPANY OF ILLINOIS



By

George W. Thompson
Senior Vice President

On this 4th day of December, 1999 before me personally came GEORGE W. THOMPSON to me known, who, being by me duly sworn, did depose and say: that he/she is Senior Vice President of TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY, FARMINGTON CASUALTY COMPANY and TRAVELERS CASUALTY AND SURETY COMPANY OF ILLINOIS, the corporations described in and which executed the above instrument; that he/she knows the seals of said corporations; that the seals affixed to the said instrument are such corporate seals; and that he/she executed the said instrument on behalf of the corporations by authority of his/her office under the Standing Resolutions thereof.



My commission expires June 30, 2001 Notary Public
Marie C. Tetreault

CERTIFICATE

I, the undersigned, Assistant Secretary of TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA, TRAVELERS CASUALTY AND SURETY COMPANY and FARMINGTON CASUALTY COMPANY, stock corporations of the State of Connecticut, and TRAVELERS CASUALTY AND SURETY COMPANY OF ILLINOIS, stock corporation of the State of Illinois, DO HEREBY CERTIFY that the foregoing and attached Power of Attorney and Certificate of Authority remains in full force and has not been revoked; and furthermore, that the Standing Resolutions of the Boards of Directors, as set forth in the Certificate of Authority, are now in force.

Signed and Sealed at the Home Office of the Company, in the City of Hartford, State of Connecticut. Dated this 12th day of SEPTEMBER, 2003



By

Kori M. Johanson
Assistant Secretary, Bond